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KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATION



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July 8, 1999

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Mr. Jack Rose
Executive Secretary
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

**Re: Docket No. T-03731A-99-0234 - Application of Concert Communications Sales LLC
for Authority to Provide Resold Local Exchange Services in the State of Arizona**

Dear Mr. Rose,

On May 4, 1999, Concert Communications Sales LLC ("CCS") filed the above-referenced application for local exchange authority. CCS indicated in the application that the requisite letter of financial guarantee from its ultimate parent company, British Telecommunications plc, would follow. Enclosed please find an original, a duplicate and ten copies of the letter of financial guarantee to be included in CCS's application file.

Please date-stamp the duplicate and return in the pre-addressed envelope provided. If there are any questions, please contact me at (202) 887-1238. Thank you for your assistance in this matter.

Cordially,

Winafred Brantl

Winafred Brantl

enclosures



Andy Longden
Group Treasurer

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June 15 1999

Jack Rose
Executive Secretary
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ85007

Dear Mr Rose

***APPLICATION OF CONCERT COMMUNICATIONS SALES LLC FOR A
CERTIFICATE TO PROVIDE LOCAL EXCHANGE SERVICES IN ARIZONA***

British Telecommunications plc ('BT') wishes to notify the Arizona Corporation Commission in connection with the above-referenced application that Concert Communications Sales LLC ('CCS'), the applicant therein, is a wholly-owned subsidiary of BT. BT is one of the world's leading providers of fixed and mobile communications services. Its principal activity is the supply of local, long distance and international telecommunications services and equipment in the UK. Through its subsidiaries, BT provides managed voice, data and Internet services on a global basis to multinational companies. In the UK alone, BT serves 27 million exchange lines and provides international direct-dial telephone service to more than 230 countries and other overseas territories. For the fiscal year ended March 31, 1998, BT's annual revenues exceeded \$25 billion.

CCS will be able to draw upon the substantial financial assets of BT in order to provide the proposed services and consequently has access to ample capital to compete effectively in the market for local services in Arizona. Per the Commission's requirements, BT, by this letter, states its intent to provide financial backing to CCS up to US\$20m should CCS experience net loss or business failure during the life of the certificate.

BT further agrees to guarantee re-payment of Arizona residential customers' advances, prepayments and/or desposits held by CCS should CCS be unable either to provide service or to repay its customers' deposits.

Yours sincerely



A W Longden
Group Treasurer



L C Winnister
Treasury Manager Financing

*Signed on June 15, 1999 in London, England
as members of the British Telecommunications plc Bonds & Guarantees Panel*